

# Budget Status

## General Fund

The Bureau of the Budget is required by statute to develop four year budget forecasts for the General Fund. The budget forecast is required by statute to use the General Fund revenue forecasts of the Revenue Forecasting Committee. Expenditure forecasts are required by law to be based on current law and the current structure and operation of General Fund supported programs. For the “out-year” budget forecasts (fiscal years 2005-06 and 2006-07 in **Table E - 1**), the Bureau of the Budget used weighted average growth for each expenditure category to develop a baseline expenditure forecast. This baseline forecast was adjusted by program for one-time expenditures and the phase-in of new operations. The baseline forecast was further adjusted to reflect program-by-program expenditure growth or decline that varied from the baseline growth assumptions,

resulting from programmatic factors such as caseload, national trends, etc.

On September 30, 2004, the Bureau of the Budget issued its updated four year budget forecast for fiscal years 2003-04, 2004-05, 2005-06 and 2006-07. This budget forecast for the General Fund for fiscal years 2005-06 and 2006-07 is shown in **Table E - 1**. Based on the assumptions delineated in **Table E - 1**, the budget forecast results in a **Structural Budget Gap** in the FY 06-07 biennium of \$733.4 million. A **Structural Budget Gap** is defined as **the difference between projected revenues and projected expenditures in a biennium under current law**. **Table E - 1** shows the results in the FY 06-07 biennium of the budget forecast for the General Fund at the beginning of the budget process.

**TABLE E - 1**

<b>GENERAL FUND STATUS</b>						
<b>At the Beginning of the FY 06 - 07 Biennial Budget Process</b>						
	<b>FY 2004-2005 BIENNIUM</b>			<b>FY 2006-2007 BIENNIUM</b>		
	<b>FY 04</b>	<b>FY 05 BUDGETED</b>	<b>TOTAL</b>	<b>FY 06</b>	<b>FY 07</b>	<b>TOTAL</b>
BALANCE	28,936,649		28,936,649	10,655,280		10,655,280
ADJUSTMENTS TO BALANCE	8,459,103	54,076,382	62,535,485			
REVENUE	2,620,476,211	2,651,608,498	5,272,084,709	2,669,922,426	2,783,774,750	5,453,697,176
<b>TOTAL SOURCES</b>	<b>2,657,871,963</b>	<b>2,705,684,880</b>	<b>5,363,556,843</b>	<b>2,680,577,706</b>	<b>2,783,774,750</b>	<b>5,464,352,456</b>
APPROPRIATIONS	2,642,999,485	2,709,902,078	5,352,901,563	3,026,769,633	3,170,976,527	6,197,746,160
<b>TOTAL USES</b>	<b>2,642,999,485</b>	<b>2,709,902,078</b>	<b>5,352,901,563</b>	<b>3,026,769,633</b>	<b>3,170,976,527</b>	<b>6,197,746,160</b>
<b>BALANCE AT END OF 2nd SPECIAL SESSION - 121ST LEGISLATURE</b>	<b>14,872,478</b>	<b>(4,217,198)</b>	<b>10,655,280</b>	<b>(346,191,927)</b>	<b>(387,201,777)</b>	<b>(733,393,704)</b>
<p><b>Source:</b> Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2004-2007  <b>Note:</b> The FY 06 - 07 biennium does not project salary adjustments from future collective bargaining agreements beyond June 30, 2004.</p>						

## Highway Fund

The Bureau of the Budget is required by statute to develop four year budget forecasts for the Highway Fund. The budget forecast is required by statute to use the Highway Fund revenue forecasts of the Revenue Forecasting Committee. Expenditure forecasts are required by law to be based on current law and the current structure and operation of Highway Fund supported programs. For the “out-year” budget forecasts (fiscal years 2005-06 and 2006-07 in **Table E - 2**), the Bureau of the Budget used weighted average growth for each expenditure category to develop a baseline expenditure forecast. This baseline forecast was adjusted by program for one-time expenditures and the phase-in of new operations. The baseline forecast was further adjusted to reflect program-by-program expenditure growth or decline that varied from the baseline growth assumptions,

resulting from programmatic factors such as caseloads, national trends, etc.

On September 30, 2004, the Bureau of the Budget issued its updated four year budget forecast for fiscal years 2003-04, 2004-05, 2005-06 and 2006-07. This budget forecast for the Highway Fund for fiscal years 2005-06 and 2006-07 is shown in **Table E - 2**. Based on the assumptions delineated in **Table E - 2**, the forecast results in a **Structural Budget Gap** in the FY 06-07 biennium of \$44.6 million. A **Structural Budget Gap** is defined as **the difference between projected revenues and projected expenditures in a biennium under current law**. **Table E - 2** shows the results in the FY 06-07 biennium of the budget forecast for the Highway Fund at the beginning of the budget process.

**TABLE E - 2**

<b>HIGHWAY FUND STATUS</b>						
<b>At the Beginning of the FY 06 - 07 Biennial Budget Process</b>						
	FY 2004-2005 BIENNIUM			FY 2006-2007 BIENNIUM		
	FY 04	FY 05 BUDGETED	TOTAL	FY 06	FY 07	TOTAL
BALANCE	6,478,244		6,478,244	1,902,773		1,902,773
ADJUSTMENTS TO BALANCE	(15,570,000)	-6,681,440	(22,251,440)			
REVENUE	304,744,317	317,437,872	622,182,189	320,400,705	329,306,886	649,707,591
<b>TOTAL SOURCES</b>	<b>295,652,561</b>	<b>310,756,432</b>	<b>606,408,993</b>	<b>322,303,478</b>	<b>329,306,886</b>	<b>651,610,364</b>
ALLOCATIONS	293,574,323	310,931,897	604,506,220	343,663,658	352,571,688	696,235,346
<b>TOTAL USES</b>	<b>293,574,323</b>	<b>310,931,897</b>	<b>604,506,220</b>	<b>343,663,658</b>	<b>352,571,688</b>	<b>696,235,346</b>
<b>BALANCE AT END OF 2nd REGULAR SESSION - 120th LEGISLATURE</b>	<b>2,078,238</b>	<b>(175,465)</b>	<b>1,902,773</b>	<b>(21,360,180)</b>	<b>(23,264,802)</b>	<b>(44,624,982)</b>
<p><b>Source:</b> Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2004-2007  <b>Note:</b> The FY 06 - 07 biennium does not project salary adjustments from future collective bargaining agreements beyond June 30, 2004.</p>						

